



# The Impact of Financial Education through Savings and Credit Cooperatives in Rwanda



PHOTO: JESSICA MASSIE

Limited financial knowledge, skills, and confidence are associated with suboptimal financial behavior such as low rates of saving, limited usage of deposit and transactional accounts, and overindebtedness. The Government of Rwanda, the World Bank Group, and Innovations for Poverty Action (IPA) partnered to conduct a large-scale randomized evaluation that measured the impact of Phase One of the *Financial Education through SACCOs* program. The evaluation measured and compared the impacts of two program delivery models—autonomous vs. fixed trainer selection—on SACCO members' financial knowledge, skills, attitudes, and behaviors.

## Key Findings

- » SACCO members attended more sessions of the *Financial Education through SACCOs* when SACCOs had autonomy to choose trainers from the local community (“autonomous selection”).
- » SACCO members in this autonomous selection group showed improvements in financial knowledge, attitudes, and behaviors, including with respect to knowledge of key rules of thumb, attitudes that emphasize saving and responsible borrowing, and having—and strictly adhering to—a written budget and financial plan.
- » They were also more likely to report saving regularly towards financial goals, and to deposit savings in the SACCO.
- » However, when trainer profiles were predetermined and limited to individuals with formal roles at the SACCO (“fixed trainer selection”) these improvements were not observed. No improvements in either group were found on account usage, borrowing behavior, or financial security.

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### FUNDERS

World Bank Group  
Government of the Netherlands

### COUNTRY

Rwanda

### TIMELINE

2015-2017

### SAMPLE

200 Savings and Credit Cooperatives (4,000 individuals)

## The Challenge

**Limited financial knowledge, skills, and confidence are associated with poor financial behavior such as low rates of formal savings, limited usage of deposit and transactional accounts, and overindebtedness.** But research has shown that financial education programs often have little or no impact.

Increasing the reach and quality of financial education was established as a priority in Rwanda's Financial Sector Development Plan (FSDP) II, as a key means to reach the country's ambitious financial inclusion goals. In December 2013, the government launched its National Financial Education Strategy (NFES) following the FSDP II's recommendations.

SACCOs—member based cooperatives—have played a significant role in Rwanda's financial inclusion progress. In response to the 2008 FinScope survey that found only 21

percent of adults were participating in the formal financial sector, the Government of Rwanda set a policy goal of establishing a SACCO (locally known as *Umurenge* SACCOs) in each of the country's 416 sectors.<sup>1</sup> By 2012, FinScope data showed a significant increase in financial inclusion indicators, with more than 20 percent of adults using a SACCO to save or borrow. The initiative was particularly successful in expanding financial inclusion outside of urban centers. According to the FinScope data, more than 80 percent of SACCO members are from rural areas and over 90 percent of Rwandans live within 5 kilometers of a SACCO.

Given their wide reach in Rwanda and their disproportionately rural and newly-banked member base, the government identified *Umurenge* SACCOs as critical implementing partners for the delivery of financial education.

## The Program

**With support from the World Bank Group,<sup>2</sup> the Ministry of Finance and Economic Planning (MINECOFIN) developed and piloted the *Financial Education through SACCOs* program in 2015.** The program was designed to reflect curriculum and delivery elements that had proven to be successful in other financial education interventions, notably 'edutainment' and 'rules of thumb' approaches. The six curriculum content areas were (a) setting financial goals; (b) making a savings plan; (c) making a budget; (d) deciding where to save; (e) what to know before you borrow; and (f) borrowing honestly and responsibly.

The central theme of the curriculum was the phrase "*Nawe Birakureba*" or "it's up to you!" which encourages members to take charge of their own finances and financial futures. The curriculum centered on a typical, rural Rwandan family and neighborhood, who face every day financial issues. This cast of characters was repeated in all delivery mechanisms.

The program curriculum material included 'edutainment' radio dramas, classroom training manuals, take-home workbooks, and posters spanning the six content areas. The 'edutainment' radio dramas were 5-8 minute audio episodes following the lives of the main characters as they confront and resolve common financial issues. The radio dramas were recorded using voice actors from the popular Rwandan radio drama *Urunana*. Each episode concluded with simple and actionable 'rule of thumb' messages, for example "Save even one coin every day" or "Before you spend, ask yourself: is this a need or a want?"

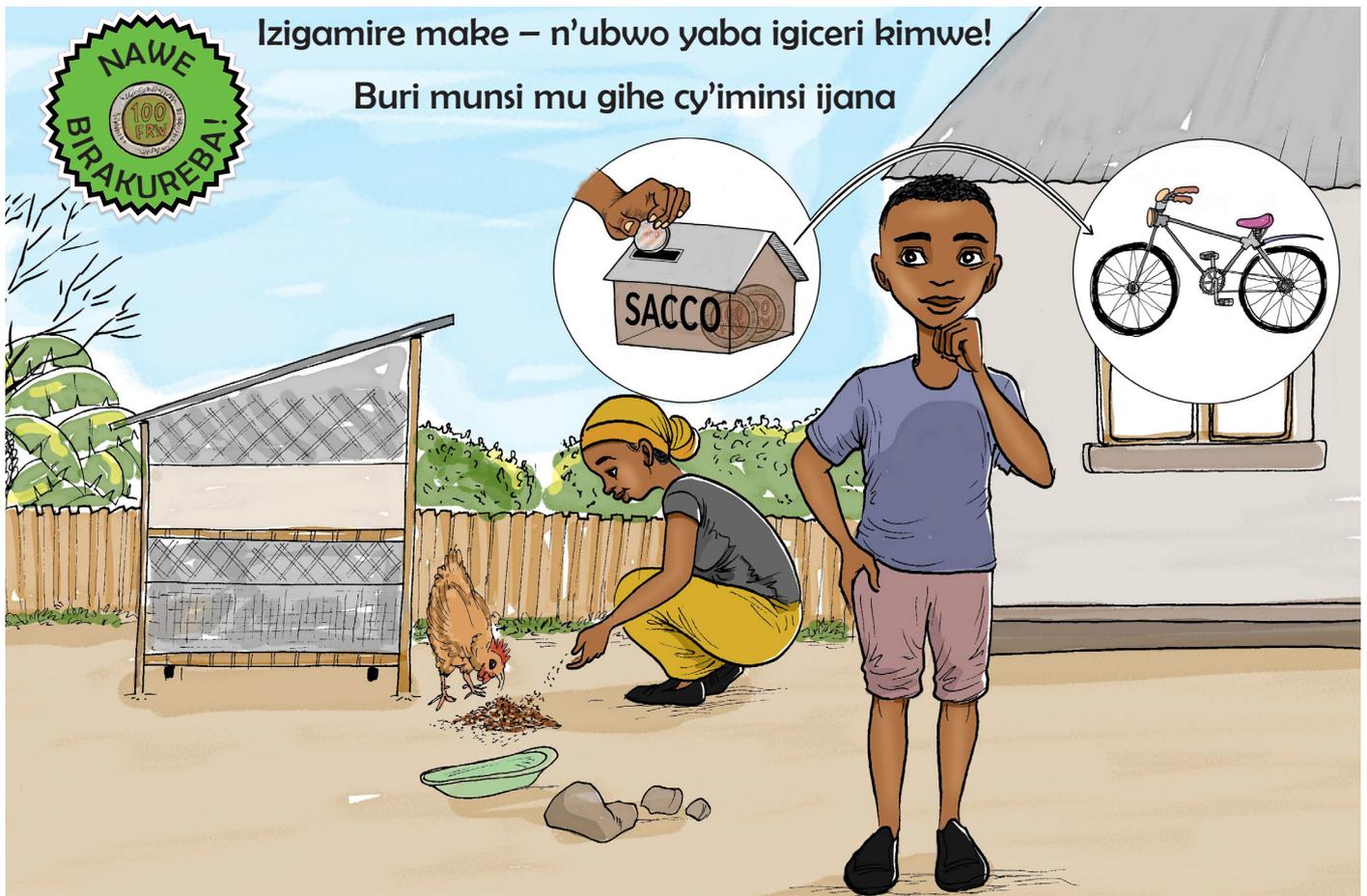
In May 2016, MINECOFIN began implementation of the *Financial Education through SACCOs* program. The implementation followed a *training-of-trainers* model, where three representatives from each SACCO attended a three-day training by master trainers at the Rwanda Institute of Microfinance, Entrepreneurship, and Cooperatives (RICEM) in Kigali. SACCO representatives received training on the program curriculum itself, as well as adult learning techniques, key facilitation skills, peer teaching guidance, and action planning.

Following the *training-of-trainers*, the SACCO representatives assumed responsibility for training additional trainers and members at their respective SACCOs. Participating SACCOs were given a goal of training 500 SACCO members within a six-month period. Each participating SACCO was given curriculum materials (trainer manuals, participant workbooks, audio files, speakers, pencils, pens, attendance sheets) and an early implementation grant to help cover administrative costs. Following the *training-of-trainers*, RICEM master trainers provided regular follow-up support and supervision via onsite visits and telephone calls to ensure the timeliness, consistency, and quality of program delivery.

As of the end of 2016, more than 68,000 SACCO members across 135 SACCOs had received training under the *Financial Education through SACCOs* program. Fifty-four percent of participants were women and participants attended an average of 3.5 sessions.

<sup>1</sup> Umurenge means "sector" in the local Kinyarwanda language. An *Umurenge* SACCO was established in each of Rwanda's 400+ sectors in the late 2000s.

<sup>2</sup> Support for the program and evaluation were undertaken through the World Bank Group's Financial Inclusion Support Framework (FISF) Rwanda Country Support Program.



A poster used in the *Financial Education Through SACCOS* curriculum.

## The Evaluation

**The Government of Rwanda, the World Bank Group, and IPA partnered to conduct a large-scale randomized evaluation that measured the impact of the *Financial Education through SACCOS* program on members' financial knowledge, skills, attitudes, and behaviors. The evaluation also compared the efficacy of competing models of financial education delivery.**

The study was comprised of two treatment groups, which differed in the degree to which SACCOS could select the profiles of the three trainers who would attend the *training-of-trainers* and lead financial education delivery at the SACCO level, and one comparison group.

Rwanda has one *Umurenge* SACCO in each of its 416 sectors, across thirty districts and five provinces.<sup>4</sup> Of these 416 SACCOS, 179 had recently participated in a financial education program prior to the study and another five were included in the piloting of the *Financial Education through SACCOS* program. Hence, these SACCOS were excluded from the study sample. Of the remaining 232 SACCOS, the researchers randomly selected 200 to be part of the study sample.

**These 200 SACCOS were then randomly assigned to one of three groups:**

**Group 1 (autonomous trainer selection):** These SACCOS participated in Phase One of the *Financial Education through SACCOS* program. SACCOS were asked to select the three most suitable trainers from the community to lead delivery of financial education at the SACCO level; these individuals received training and were tasked with program implementation. (65 SACCOS)

**Group 2 (fixed trainer selection):** These SACCOS participated in Phase One of the *Financial Education through SACCOS* program. SACCOS were asked to select the SACCO manager, a loan officer, and a board member to lead delivery of financial education at the SACCO level; these individuals received training and were tasked with program implementation. (65 SACCOS)

**Group 3 (comparison group):** These SACCOS served as a comparison group and did not participate in Phase One of the *Financial Education through SACCOS* program. (70 SACCOS)

To measure impacts, researchers used household survey data, collected approximately six and 12 months after the intervention, as well as administrative data on savings balances from the SACCOS, for up to 18 months after the intervention.

<sup>4</sup> Rwanda has both *Umurenge* SACCOS (those established by the GoR beginning in 2009) and non-*Umurenge* SACCOS. The program and evaluation studied in this paper cover only the *Umurenge* SACCOS (which far outnumber non-*Umurenge* SACCOS). Note that we use the terms "SACCO" and "Umurenge SACCO" interchangeably.

# Results

Analysis from follow-up surveys found statistically significant differences across the groups. **First, participation was higher among members of Group 1 SACCOs (autonomous trainer selection):** 63 percent of members of Group 1 SACCOs attended more than two sessions of the financial education program, while this figure is only 54 percent in Group 2 SACCOs (fixed trainer selection).

**Members of Group 1 SACCOs also showed significant improvements in financial attitudes, financial planning, knowledge of rules of thumb, as well as budgeting and savings behaviors.** In contrast, members of Group 2 SACCOs who attended the trainings show no improvements on any of the outcome measures. Specifically, relative to the comparison group, members of Group 1 SACCOs were:<sup>5</sup>

- » More likely to report financial attitudes that emphasize saving and responsible borrowing (8.8 percentage points for those who attended the training vs. the comparison group);
- » More knowledgeable of key rules of thumb, including the advantages of borrowing for business/investment over consumption (4.6 percentage points for those who attended the training vs. the comparison group);
- » More likely to report having written a financial plan and strictly adhering to their financial plan (14.2 percentage points for those who attended the training vs. the comparison group);
- » More likely to report having a written budget and strictly adhering to their budget (15.4 percentage points for those who attended the training vs. the comparison group);
- » More likely to report saving regularly towards financial goals (17.7 percentage points for those who attended the training vs. the comparison group);
- » More likely to deposit savings in the SACCO (5 percentage points over the comparison group, according to administrative data).

**Overall, these findings show clear beneficial effects of the *Financial Education through SACCOs* program among members of Group 1 SACCOs (autonomous trainer selection) and fairly muted effects among members of Group 2 SACCOs (fixed trainer selection).**

No statistically significant impacts were found in either group on account usage, borrowing behavior, or financial security. However, the results among those who attended the trainings (as opposed to all those offered them) suggest that higher levels of participation in the trainings in the future may reveal broader impacts, provided more community members are trained.

What explains these results? **The analysis shows significant differences in trainer profiles across the two treatment groups.** Trainers in Group 1 SACCOs were significantly more likely to be community members and significantly less likely to be loan officers.

These differences in the trainer selection process are consequential. Qualitative interviews with SACCO members and administrative staff reveal that most loan officers faced significant time constraints in delivering financial education. Loan officers typically have a full set of work requirements and goals; assigning them the further task of teaching financial education in Group 2 was likely quite burdensome. Qualitative interviews also suggest that the larger pool of SACCO members which were drawn from in Group 1 included skilled and motivated trainers who were eager to deliver financial education and had the time availability to do so.

**These findings suggest that small differences in the structure of decentralized delivery have important implications for the success of financial education programs.** The qualitative analysis further points to the importance of ensuring that those tasked with the delivery of financial education have the capacity and willingness to do so and are properly incentivized. Identifying the types of incentives and levers that can relax such constraints for financial education delivery at the community level is an important and open question for future research.

<sup>5</sup> Both intent-to-treat (ITT) and treatment-on-treated (TOT) regression analyses were conducted. Numeric values are shown for TOT regression analysis, which are higher than those derived from the ITT regression analysis. Several of the numeric values represent composite scores. For more detail, see: Hakizimfura, Emmanuel; Randall, Douglas; and Bilal Zia. 2018. "Decentralized Delivery of Financial Education : Evidence from a Country-Wide Field Experiment." Policy Research Working Paper No. 8521. Washington, D.C. : World Bank Group.

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